



Its History Written by the Men Who Participated in It.

Edited by JOHN McELROY.

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"SINUES OF WAR."

Effective Legislation by Congress and the Patriotism of the People Supply a Superabundance of Funds.

BY HON. NELSON DINGLEY,
Chairman Committee on Ways and Means.

It has been justly remarked by an intelligent financial writer that "the same energy and adaptation of means to ends which marked the exploits of the army on the land and the navy on the sea, also marked the financial administration of the war with Spain."

Up to the time of the destruction of the U. S. battleship Maine in the harbor of Havana, on Feb. 15, 1898, the Administration and the country believed that the war with Spain would be averted through peaceful pressure brought to bear on the Spanish Ministry; and consequently no preparations for an armed conflict were entered upon. While the hope of a peaceful solution continued to be entertained, pending the inquiry into the blowing up of the Maine, yet the Administration in the meantime quietly took measures to contract for needed ammunition and supplies—of which there were almost none on hand—relying on the assurances of leading members of Congress that appropriations would be forthcoming when required.

A WEIGHTY CONSULTATION.
The excitement so increased in this country, in consequence of rumors that the Naval Board of Inquiry would publish a report that the Maine was destroyed by external agencies, that, on March 17, the President summoned to the White House the Chairman of the Finance Committee and Committee on Appropriations of the Senate, and the Chairman of the Committee on Ways and Means and Committee on Appropriations of the House, with several other leading members of both houses, to confer with him on the critical condition of affairs.

The conference resulted in a decision to appropriate immediately \$50,000,000 for national defense. Chairman Cannon, of the Committee on Appropriations of the Senate, on the same day, introduced in the House a joint resolution to this effect, which practically unanimously passed the House on March 8, and also the Senate on the next day. The object in making this appropriation, which it was proposed to draw from the cash balance in the Treasury, was to put the country measurably in a position to enter into an armed conflict, in case one could not be avoided. For this preparation, time was indispensable.

With great difficulty the armed conflict was averted for six weeks, and during this time every effort was put forth partially to prepare the country for war, so far as coast defenses and military and naval supplies were concerned. Before these preparations could be adequately made, the report of the Naval Board of Inquiry on the destruction of the Maine, and the statements of visiting Senators and Representatives as to the fearful condition of the reconcentrated in Cuba, and the apparent indifference of Spain to the situation, so stirred public sentiment in this country that Congress on April 19, passed a joint resolution, approved by the President on the succeeding day, directing armed intervention in the war, to end the unbearable situation in the Island of Cuba, and secure the independence of the people of that country.

THE ULTIMATUM.
The President on the same day, April 20, presented this ultimatum to Spain, and the Spanish Minister accepted it as a declaration of war. Immediately thereafter he was given his passport and was permitted to leave the country, while the President had allowed Spain till April 23 to reply. April 25 the two Houses of Congress passed a joint resolution formally declaring war against Spain.

For 10 days previous to this ultimatum, the majority members of the House Ways and Means Committee, after conference with the President and Secretary of the Treasury, had been giving their attention to the preparation of a bill "to provide ways and means to meet war expenditures." This bill was introduced in the House by the Chairman of the Committee on Ways and Means, after conference with the President and Secretary of the Treasury, on the latter day, Chairman Dingley reported it to the House.

The bill was based on the estimates of the officials of the War and Navy Departments, that the war would cost about \$50,000,000 per month. It was thought desirable not only as a measure of precaution, but also as a potent factor in creating an impression in Spain and Europe that this country had the ability and disposition to push the war with the utmost energy, to provide the means for carrying it on for at least one year, in case it should continue that length of time; and to impose such additional internal taxes, making use in part of the stamp taxes levied from 1864 to 1872, as would strengthen the credit of the Government in providing means for paying the interest and gradually extinguishing the principal of necessary loans.

RAISING THE MONEY.
The bill, as reported, provided for additional internal taxes, estimated to yield about \$40,000,000 per annum, of which \$3,000,000, it was estimated, would come from doubling the tax of \$1 per barrel on fermented liquors, \$15,000,000 from doubling the 6 cents per pound tax on tobacco and increasing the tax on cigars and cigarettes, \$5,000,000 from the imposition of a special tax on dealers in tobacco and cigars, \$2,000,000 from an increase in the tax on tonnage in the foreign trade, and \$39,000,000 from a documentary and proprietary stamp tax, based substantially on the stamp taxes enacted near the close of the war of the rebellion.

To provide whatever additional means might be required to prosecute the war, the Secretary of the Treasury was authorized to borrow on the credit of the United States, from time to time, whatever amount should be required, not to exceed \$500,000,000, and to issue therefor ten-twenty, 3 per cent. bonds, to be offered at par as a popular loan.

An important section was added, not as a war measure but as a permanent provision to guard against any temporary deficiency of revenue in the future, authorizing the Secretary of the Treasury to issue one-year 3 per cent. certificates of indebtedness, not exceeding \$100,000,000 to be outstanding at any one time—decided upon to provide means to meet any temporary insufficiency of revenue to pay current expenditures, and thus avoid either bankruptcy or the necessity of using for war purposes the credit of the United States (fund, or (what is the same thing) the demand notes which have been presented and redeemed, a necessity which from 1863 to 1866 created the "endless chain" that came near resulting in serious disaster.

The bill was taken up for consideration in the House April 27, and by agreement, was debated in the Committee of the Whole for three days, and on the last day was opened to amendment.

THE OPPOSITION TO THE BILL.
Was directed almost entirely against the section authorizing the Secretary of the Treasury to borrow whatever amounts might be required outside of the revenue for war taxes, to meet the expenditures of the war. The opponents contended that instead of borrowing and issuing interest-bearing obligations therefor, more revenue should be raised by an income tax, and that the so-called "seigniorage" of the silver bullion of the Treasury, estimated to amount to \$12,000,000, should be utilized by using that amount of silver certificates against it; and \$150,000,000 additional United States demand notes or greenbacks should be issued, through which means, it was contended, the people could be relieved of the burden of interest-bearing obligations.

To these contentions the friends of the bill replied that, inasmuch as the Supreme Court of the United States had decided that a Federal income tax is unconstitutional, unless imposed on the basis of population—a condition which made such a tax impracticable—the income-tax plan was a proposition to retard the war effort for means to carry on the war to the proceeds of a lawsuit already decided against us; that the silver "seigniorage" idea ignored the fact that there can be no seigniorage profit in coinage until the coins actually take place; and that the proposition to issue additional demand notes or greenbacks, without providing the means for their payment, rests on the "air" of a proposition, and has been shown by experience to be not only mischievous and dangerous, but in the end the costliest finance to which our people were ever subjected.

The income-tax amendment was defeated by a vote of 171 to 134; the silver "seigniorage" amendment was ruled out on a point of order; and the additional greenback amendment was lost by a vote of 147 to 105.

THE VOTE.
All amendments offered, except such as were presented by the Committee on Ways and Means, were rejected, and April 29 the bill passed the House by a vote of 181 to 131, "present" 1, not voting and paired 42, as follows:
Yeas—181—Acheson, Adams, Aldrich, Alexander, Arnold, Babcock, Baker (Md.), Barham, Barnes, Barrows, Bartholdt, Beach, Belden, Belford, Belknap, Bennett, Bingham, Bishop, Bozoe, Bowdell (Ill.), Boutwell (Me.), Brewster, Broderick, Brownell, Brown, Brownlow, Brumm, Bull, Burleigh, Burton, Butler, Cannon, Capron, Chickering, Clark (Iowa), Connell, Cooper (W. Va.), Corlies, Cousins, Crump, Crumacker, Cummings, Curtis (Iowa), Curtis (Kansas), Dalzell, Danford, Davidson (Wis.), Davidson (Ky.), Dayton, Dingey, Dyer, Dyer, Dyer, Driggs, Eddy, Ellis, Evans, Fairs, Fenton, Fischer, "Fitzpatrick, Fletcher, Foote, Foss, Fowler (N. J.), Gardner, Gilson, Gillett (N. Y.), Graft, Griffin, Grosvenor, Grout, Grover, Hager, Hamilton, Harmer, Hawley, Heatwole, Hemenway, Henderson, Henry (Conn.), Henry (Ind.), Hepburn, Hicks, Hilborn, Hill, Hitt, Hooker, Hopkins, Howe, Howell, Hull, Jenkins, Johnson (Ind.), Johnson (N. Dak.), Joy, Kerr, Ketcham, Kirkpatrick, Knox, Kulp, Lacey, Landis, Lawrence, Littauer, Loud, Loudenslager, Lovering, Loy, Lybrand, McAleer, McCall, McClary, McClellan, McDonald, McEwen, McIntire, Mahon, Marsh, Mercer, Mesick, Miller, Mills, Minor, Mitchell, Moody, Morris, Mudd, Northway, Olmstead, Otjen, Overstreet, Parker (N. J.), Payne, Pearce (Mo.), Pit-

Fitzpatrick, Fleming, Fowler (N. C.), Fox, Gaines, Greene, Griffith, Griggs, Gunn, Handy, Hartman, Hay, Henry (Miss.), Henry (Tex.), Howard (Ala.), Howard (Ga.), Hunter, Jones (Va.), Jones (Ga.), Jones (Ky.), Kins, Kitchin, Kleberg, Knowles, Lamb, Lanham, Latimer, Lentz, Lester, Lewis (Ga.), Lewis (Wash.), Linney, Little, Livingston, Lloyd, Love, McCormick, McComb, McDowell, McMillin, McKee, Maddox, Maguire, Martin, Maxwell, Meyer (La.), Miers (Ind.), Moon, Norton (Ohio), Norton (S. C.), Ogden, Osborne, Otter, Peters, Quinn, Ransom, Richardson, Riddle, Rixey, Robb, Robertson (La.), Robinson (Ind.), Rogers, Settle, Shafer, Shuford, Simpson, Sims, Skinner, Slayden, Smith (Ky.), Sparkman, Stallings, Stearns, Stephens (Tex.), Stokes, Stowd (N. C.), Sullivan, Sulzer, Sutherland, Swanson, Talbot, Taylor (Ala.), Thorpe, Underwood, Vandiver, Velsch, Vincent, Wheeler (Ky.), Wilson, Zeller.

Not Voting—24—Allen, Barber, Barrett, Brosius, Campbell, Catchings, Clarke (N. H.), Cochran (N. Y.), Coker, Connelley, Cranford, Davenport, Ebermunt, Gillett (Mass.), Hinrichsen, Hurley, Jett, Lorimer, Mahany, Mann, Marshall, Meekison, Newlands, Odell, Perkins, Perkins, Pringle, Quinn, Shelden, Snover, Strait, Tate, Terry, Todd, Warner, Weymouth, White (N. C.), Wilber, Williams (Miss.), Yost.

Democrats; *Populists and Silver men.
The bill was taken up in the Senate April 30, and was referred to the Senate Committee on Finance. A majority of this committee, composed of six Democrats and one Republican, reported the bill May 12, with the bond and certificate provisions stricken out, and amendments for the issue of \$150,000,000 of new greenbacks, and the immediate coinage of \$12,000,000 of so-called "seigniorage" of the silver bullion in the Treasury and the issue of silver certificates thereon; while the five Republicans of the committee, composing a minority, reported in favor of the retention of the provisions for the issue of certificates of indebtedness and bonds, reducing the amount of the latter to \$200,000,000.

Both the majority of the Finance Committee and the minority reported amendments to the House bill giving a rebate of 7 1/2 per cent. on sales of beer stamps, striking out the special tax on dealers in tobacco and the tax on tonnage, slightly reducing the proposed House rate on cigars and cigars, levying a special annual tax on bankers, brokers, proprietors of circuses, etc., theaters, billiard and pool rooms; and imposing a tax on inheritances and legacies in estates exceeding \$10,000, and on refineries of oil and sugar producing more than \$250,000 annually; and also providing for a stamp tax on bills of lading, and on sleeping and parlor car tickets; with other amendments of an incidental character.

The new internal taxes proposed by the amendments reported by the Senate Finance Committee were estimated by them to produce \$50,000,000 additional to those provided by the House bill, \$8,000,000 of which it was estimated would be derived from the legacy and succession tax, \$5,000,000 from the special taxes on brokers, etc., and \$39,000,000 from the additional stamp taxes, raising the stamp taxes, as the committee estimated, to \$88,000,000, and as the two House taxes proposed to be dropped (the tax on dealers in tobacco and the tax on tonnage) aggregated \$7,000,000, the net increase over the House bill was estimated at \$43,000,000.

The bill was taken up in the Senate May 16 for discussion and amendment. The House bond and certificate of indebtedness provisions were rejected by the majority of the Senate Finance Committee, were restored by a vote of 45 to 31; the greenback amendment, reported by the majority of the Finance Committee, was defeated by a vote of 45 to 31; the seigniorage amendment, somewhat modified, was adopted by a vote of 48 to 31; and all the other amendments reported by the committee were adopted by the Senate.

An amendment offered by Mr. Tillman, of South Carolina, imposing a duty of 10 cents per pound on tea—the only tariff provision in the bill—was adopted by a vote of 48 to 32.

On June 4 the bill, as amended, passed the Senate by a vote of 48 to 28, and 13 not voting and paired, as follows:
Yeas—48—Aldrich, Allison, Baker, Barker, Caffery, Carter, Chandler, Clark, Davis, DeLoach, Fairbank, Fairbanks, Frye, Gallinger, Gear, Gorman, Hale, Hanna, Hansbrough, Hawley, Hoar, Kyle, Lindsay, Lodge, McBride, McKim, McMillan, Mendenhall, Mitchell, Morgan, Nelson, Perkins, Pitt (Conn.), Platt (N. Y.), Pritchard, Sewell, Shoup, Spooner, Thurston, Turpie, Warren, Wellington, Wetmore, Wilson, Wolcott.
Nays—28—Allen, Bacon, Bates, Berry, Butler, Cannon, Chilton, Clay, Cockrell, Daniel, Harris, Heitfeld, Jones (Ark.), Jones (Nev.), Mc-

the House by Chairman Dingley at 5 o'clock p. m. of the same day, and after a debate of three hours (a recess to 8 o'clock having been taken after the reading of the report) was agreed to by the House at 11:30 o'clock p. m., by a vote of 154 to 107—the division running on the same lines as those shown in the passage of the original bill.

The Senate took up the conference report the next day (June 10), and agreed to it at 5 p. m. by a vote of 43 to 22, and 24 not voting and paired, as follows:
Yeas—43—Aldrich, Allison, Baker, Barker, Caffery, Carter, Chandler, Clark, Cullop, DeLoach, Fairbank, Fairbanks, Foraker, Frye, Gallinger, Gear, Gorman, Hanna, Hansbrough, Hawley, Hoar, Kyle, Lindsay, Lodge, McBride, McKim, McMillan, Mendenhall, Mitchell, Morgan, Nelson, Perkins, Pitt (Conn.), Platt (N. Y.), Pritchard, Sewell, Shoup, Spooner, Thurston, Turpie, Warren, Wellington, Wilson, Wolcott.

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Note.—The receipts from legacies the first three months were only \$375,537, but after sufficient time has elapsed to close up estates of persons deceased since July 1, 1898, it is believed the tax on gross receipts will be the true estimate.

THE FULL TEXT

Of the two sections of the war-revenue act, authorizing the issue of bonds and certificates of indebtedness, is as follows:

"Sec. 32. That the Secretary of the Treasury be and he is authorized to borrow on the credit of the United States, from time to time, as the proceeds may be required to defray expenditures authorized on account of the existing war (such proceeds as may be received may be used only for the purpose of meeting such expenditures), the sum of \$400,000,000, or so much thereof as may be necessary, and to prepare and issue therefor, coupon or registered bonds of the United States in such form as he may prescribe, and in denominations of \$20 or some multiple of that sum, redeemable in coin at the pleasure of the United States after 10 years from the date of their issue, and payable 2 years from such date, and bearing interest payable quarterly in coin at the rate of 3 per centum per annum; and the bonds and coupons of such bonds shall be exempt from all taxes or duties of the United States, and shall be exempt from taxation in any form by or under State, municipal or local authority: Provided, That the bonds authorized by this section shall be first offered to the public on a popular loan under such regulations, prescribed by the Secretary of the Treasury, as will give opportunity to the citizens of

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"Sec. 32. That the Secretary of the Treasury be and he is authorized to borrow on the credit of the United States, from time to time, as the proceeds may be required to defray expenditures authorized on account of the existing war (such proceeds as may be received may be used only for the purpose of meeting such expenditures), the sum of \$400,000,000, or so much thereof as may be necessary, and to prepare and issue therefor, coupon or registered bonds of the United States in such form as he may prescribe, and in denominations of \$20 or some multiple of that sum, redeemable in coin at the pleasure of the United States after 10 years from the date of their issue, and payable 2 years from such date, and bearing interest payable quarterly in coin at the rate of 3 per centum per annum; and the bonds and coupons of such bonds shall be exempt from all taxes or duties of the United States, and shall be exempt from taxation in any form by or under State, municipal or local authority: Provided, That the bonds authorized by this section shall be first offered to the public on a popular loan under such regulations, prescribed by the Secretary of the Treasury, as will give opportunity to the citizens of



By GEN. GREEN B. BAUM.

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OCCUPATION OF SAVANNAH.

A Christmas Gift to President Lincoln—Establishment of Law and Order—Effective Protection of Life and Property—Grand Review of Troops.
On Dec. 22, the day Gen. Sherman rode into Savannah, he met Mr. A. G. Brown, a Treasury Agent, who informed him that a transport was about leaving for Old Point Comfort, and with good weather she should reach Fortress Monroe Christmas Day.

GEN. SHERMAN TO PRESIDENT LINCOLN.
Mr. Brown suggested to Gen. Sherman that he send a communication to the President informing him of the capture of Savannah, to be telegraphed from Fortress Monroe. Gen. Sherman acted upon the suggestion, and sent the following:
"Savannah, Ga., Dec. 22, 1864.
"To His Excellency, President Lincoln,
"Washington, D. C.:
"I beg to present you as a Christmas gift the city of Savannah, with 150 heavy guns and plenty of ammunition; also about 25,000 bales of cotton.
"W. T. SHERMAN,
"Major-General."

This dispatch was the first news of the capture of the city. It was flashed all over the country, and was received with intense enthusiasm and rejoicing everywhere. It did not require a great military critic to decide that Sherman's campaign was a staggering blow to the Confederacy. Patriotic men and women everywhere felt that the cause of the great war was rapidly approaching.

PRESIDENT LINCOLN'S CONGRATULATORY MESSAGE.
In reply to this message, President Lincoln sent the following:
"Executive Mansion,
"Washington, Dec. 26, 1864.
"My Dear Gen. Sherman:
"Many thanks for your Christmas gift, the capture of Savannah. When you were about leaving Atlanta for the Atlantic Coast I was anxious, if not fearful, but feeling that you were the better judge of the situation, I did not interfere. Now, the undertaking being a success, the honor is all yours; for I believe none of us went further than to acquiesce. And, taking the work of Gen. Thomas into the account, as it should be taken, it is indeed a great success. Not only does it afford the obvious and immediate military advantages, but, in showing to the world that your army could be divided, putting the stronger part to an important new service, and yet leaving enough to vanquish the old opposing force of the whole South—Hood's army—it brings those who sit in darkness to see a great light.
"But what next? I suppose it will be safer if I leave Gen. Grant and yourself to decide. Please make my grateful acknowledgments to your whole army, officers and men.
"Yours, very truly,
"A. LINCOLN."

CONGRATULATORY DISPATCHES FROM GOVERNORS.
Hon. Frederick F. Low, Governor of California, wrote Gen. Sherman the following letter:
"The series of victories which have attended your army during the past year—the capture of Atlanta, the triumphant march from Atlanta to the Sea Coast, and the subsequent capture of Savannah—have filled the hearts of all who love their country with joy, and justify entirely you to the profound gratitude of the Nation. For and on behalf of the people of this State I beg to tender to you and to the officers and soldiers under your command, my heartfelt thanks for the signal services your army has rendered to the cause of civilization, liberty, humanity and peace. To you and to your great leader, I tender my cordial congratulations, and with the prayer that God may preserve and protect you to lead the victorious hosts of the Republic on to still greater triumphs, I am, Sir, very respectfully, your obedient servant,
"I remain, General, gratefully, your obedient servant,
"Governor."

Governor Fenton, of New York, also wrote the following letter:
"Major-Gen. William T. Sherman,
"General: In compliance with the request made in joint resolutions passed by the Senate and Assembly of the State of New York, commendatory of the conduct and services of certain officers in the Army and Navy of the United States, I take great pleasure in forwarding to you the inclosed resolution referring to yourself and the brave officers and men in your command.
"I most sincerely join in the expression of thanks for these distinguished services, and with the loyal people of the Nation acknowledge my deep and heartfelt gratitude.
"I am, General, most respectfully, your obedient servant,
"R. E. FENTON."

Here follows the resolutions inclosed by the Governor:
THANKS OF LEGISLATURE OF NEW YORK.
Resolved, That the thanks of the Legislature, representing the people of the State of New York are hereby tendered to Maj.-Gen. William T. Sherman, and the officers and men of his command, for the series of superb victories culminating in the capture of Atlanta; and for the skillfully executed march from the mountains to the sea, which challenged the admiration of the world, resulted in the capture of Savannah, with many millions of public property, and demonstrated that the so-called Confederacy is indeed but a "shell."
THANKS OF CONGRESS.
"(General